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OF ORIGINAL FILED
Superior Court of California
County of Los Angeles

JAN 20 2011

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF
CALIFORNIA, by and through the
CALIFORNIA CORPORATIONS
COMMISSIONER,

Plaintiff,

vs.

CANAM CAPITAL CORP. a Nevada
corporation; PREMIER EQUITY FUND, LLC,
a Nevada limited liability company; PREMIER
EQUITY FUND II, LLC, a Nevada limited
liability company; PREMIER EQUITY FUND
III, LLC, a Nevada limited liability company;
PREMIER EQUITY FUND IV, LLC, a Nevada
limited liability company; JAY JORDAN
BARNHARDT, as an individual; KELLY
KEITH MORGAN, as an individual; AARON
KANE BARNHARDT, as an individual, and
Does 1 through 10, inclusive,

Defendants.

And

POWER RESEARCH CORP., a California
corporation; SANTA RITA PARTNERS, INC.,
a California corporation; STEVE BOWLING
HERATY, as an individual, and Relief Does 1-
10, inclusive,

Relief Defendants.

Case No.: BC453286

COMPLAINT FOR INJUNCTIVE RELIEF,
CIVIL PENALTIES, RESTITUTION
(CORPORATIONS CODE SECTIONS 25530
& 25535)

UNQUALIFIED OFFER & SALE OF
SECURITIES (VIOLATIONS OF
CORPORATIONS CODE SECTION 25110)

FRAUD IN THE OFFER AND SALE OF
SECURITIES (VIOLATIONS OF
CORPORATIONS CODE SECTION 25401)

VIOLATION OF DESIST AND REFRAIN
ORDER ISSUED BY THE COMMISSIONER

1 Preston DuFauchard, California Corporations Commissioner, acting to protect the public
2 from the unlawful and fraudulent offer and sale of securities, brings this action in the public
3 interest in the name of the People of the State of California. The People of the State of California
4 allege:

5 **VENUE AND JURISDICTION**

6 1. The California Corporations Commissioner (“Commissioner”), in his capacity as
7 head of the California Department of Corporations (“Department”), brings this action to enjoin the
8 defendants from violating the Corporate Securities Law of 1968 (“CSL”) (Cal. Corp. Code, §
9 25000 et seq.) and to request other injunctive and ancillary relief, including civil penalties and
10 restitution to investors. The Commissioner is authorized to administer and enforce the provisions
11 of the CSL.

12 2. The Commissioner brings this action pursuant to CSL sections 25530 and 25535
13 and Government Code section 11180 et seq. in his capacity as head of the Department.

14 3. The defendants have transacted and continue to transact business within Los
15 Angeles County and throughout the State of California. The violations of law described herein
16 have occurred and will continue to occur within Los Angeles County and throughout the State of
17 California unless enjoined.

18 **DEFENDANTS**

19 4. Defendant CanAm Capital Corp. (“CanAm”) formed in 2000, is a Nevada
20 corporation, with a primary business address at 1875 Century Park East, Suite 1860, Los Angeles,
21 California 90067. At all relevant times CanAm transacted business within and from California
22 directly and through the individual defendants Premier Equity Fund, LLC, Premier Equity Fund II,
23 LLC, Premier Equity Fund III, LLC and Premier Equity Fund IV, LLC (collectively referred to as
24 “the Funds”), Jay Jordan Barnhardt, Aaron Kane Barnhardt and Kelly Keith Morgan. CanAm is
25 the manager of the Funds. These business activities include selling membership interests in limited
26 liability companies to investors in California. CanAm has never been licensed or qualified with the
27 Department of Corporations in any capacity to offer or sell securities.

28 5. Defendant Premier Equity Fund, LLC (Premier I) formed on August 2, 2003, is a
Nevada limited liability company with a business address at 1875 Century Park East, Suite 1860,

1 Los Angeles, California 90067. At all relevant times Premier I transacted business within and
2 from California directly and through the individual defendants CanAm, Jay Jordan Barnhardt,
3 Aaron Kane Barnhardt and Kelly Keith Morgan. These business activities include selling
4 membership interests in Premier I to investors in California.

5 6. Defendant Premier Equity Fund II, LLC (Premier II) formed on August 25, 2004, is
6 a Nevada limited liability company with a business address at 1875 Century Park East, Suite 1860,
7 Los Angeles, California 90067. At all relevant times Premier II transacted business within and
8 from California directly and through the individual defendants CanAm, Jay Jordan Barnhardt,
9 Aaron Kane Barnhardt and Kelly Keith Morgan. These business activities include selling
10 membership interests in Premier II to investors in California.

11 7. Defendant Premier Equity Fund III, LLC (Premier III) formed on January 27, 2006,
12 is a Nevada limited liability company with a business address at 1875 Century Park East, Suite
13 1860, Los Angeles, California 90067. At all relevant times Premier III transacted business within
14 and from California directly and through the individual defendants CanAm, Jay Jordan Barnhardt,
15 Aaron Kane Barnhardt and Kelly Keith Morgan. These business activities include selling
16 membership interests in Premier III to investors in California.

17 8. Defendant Premier Equity Fund IV, LLC (Premier IV) formed on April 12, 2007, is
18 a Nevada limited liability company with a business address at 1875 Century Park East, Suite 1860,
19 Los Angeles, California 90067. At all relevant times Premier IV transacted business within and
20 from California directly and through the individual defendants CanAm, Jay Jordan Barnhardt,
21 Aaron Kane Barnhardt and Kelly Keith Morgan. These business activities include selling
22 membership interests in Premier IV to investors in California.

23 9. Defendant Jay Jordan Barnhardt, also known as Jay J. Barnhardt and J.J. Barnhardt,
24 ("J. Barnhardt") is an individual whose last known residence is 2271 Century Hill, unit 202, Los
25 Angeles, California 90067, Los Angeles County and whose business address is 1875 Century Park
26 East, Suite 1860, Los Angeles, California 90067. At all relevant times, J. Barnhardt is the
27 President of CanAm and CanAm is the managing member of the Funds.

28 10. Defendant Aaron Kane Barnhardt also known as Aaron Barnhardt, ("A.
Barnhardt") is an individual whose last known residence is 11260 Overland Ave. 25B, Culver

1 City, Los Angeles County and whose business address is 1875 Century Park East, Suite 1860, Los
2 Angeles, California 90067. At all relevant times, A. Barnhardt was vice president of CanAm,
3 president of Power Research Corporation, and a co-owner and registered representative of Santa
4 Rita Partners, Inc.

5 11. Defendant Kelly Keith Morgan ("Morgan") is an individual whose last known
6 residence is 11006 Rhoda Way, Culver City, Los Angeles County and whose business address is
7 1875 Century Park East, Suite 1860, Los Angeles, California 90067. At all relevant times Morgan
8 was vice president of client relations for CanAm, and a registered representative with Santa Rita
9 Partners, Inc.

10 12. Defendants sued herein under the fictitious names Does 1 through 10, inclusive, are
11 unknown to plaintiff who therefore sues such defendants by such fictitious names, pursuant to the
12 provisions of California Code of Civil Procedure section 474. The Commissioner asks leave of the
13 court to amend the Complaint and allege the true names and capacities of such defendants at such
14 time as the same have been ascertained.

15 **RELIEF DEFENDANTS**

16 13. Relief Defendant Power Research Corporation ("Power Research") is a California
17 corporation, maintaining a last known business address at 1875 Century Park East, Suite 1860,
18 Los Angeles, California 90067. At all relevant times, Defendant A. Barnhardt is the President of
19 Power Research. It is alleged upon information and belief that Power Research received ill-gotten
20 gains from investors of the Funds.

21 14. Relief Defendant Santa Rita Partners, Inc., ("Santa Rita") is a California
22 corporation, incorporated in February 2008, maintaining a last known business address at 1875
23 Century Park East, Suite 1860, Los Angeles, California 90067. At all relevant times, Santa Rita
24 was a licensed broker-dealer in California, and Power Research was co-owner of Santa Rita. It is
25 alleged upon information and belief that Santa Rita received ill-gotten gains from investors of the
26 Funds.

27 15. Relief Defendant Steve Bowling Heraty ("Heraty") is an individual whose last
28 known residence is 913 13th Street, Hermosa Beach, California 90254, in Los Angeles County and
whose last known business address is 2842 Farragut Road, Unit 132, San Diego, California 92106.

At all relevant times, Heraty was President and co-owner of Santa Rita Partners. It is alleged upon information and belief that Heraty received ill-gotten gains from investors of the Funds.

16. Relief Defendants sued herein under the fictitious names Relief Defendant Does 1 through 10, inclusive, are unknown to plaintiff who therefore sues such relief defendants by such fictitious names, pursuant to the provisions of California Code of Civil Procedure section 474. The Commissioner asks leave of the court to amend the Complaint and allege the true names and capacities of such defendants at such time as the same have been ascertained.

STATEMENT OF FACTS

17. Beginning in at least February 2004 and continuing through at least December 2009, CanAm, J. Barnhardt, A. Barnhardt, Morgan, Premier I, Premier II, Premier III, and Premier IV and their agents, employees and representatives (collectively "DEFENDANTS") offered and sold securities in violation of the Corporate Securities Law to at least 337 investors, raising a total of approximately \$15,000,000.00. Of those investors, at least 182 were California residents, accounting for approximately \$8,000,000.00 of the total funds raised.

18. DEFENDANTS offered and sold securities in the form of units of membership interest in the limited liability companies named Premier Equity Fund, LLC, Premier Equity Fund II, LLC, Premier Equity Fund III, LLC, and Premier Equity Fund IV, LLC, with CanAm acting as the manager of the Funds. The purported purpose of the Funds' offering was to raise money to provide financing to selected start-up and/or early stage companies.

19. DEFENDANTS offered and sold these securities to investors with whom DEFENDANTS had no preexisting business or personal relationship within the meaning of the CSL.

20. DEFENDANTS offered and sold securities to investors by means of general solicitations in the form of "cold calls".

21. The securities offered and sold by DEFENDANTS were not qualified, pursuant to the CSL, and were not exempt from the qualification requirements of the CSL.

22. Defendants Premier I, Premier II, Premier III, and Premier IV filed Notices of Transaction with the Department of Corporations, claiming that the offerings were exempt

pursuant to CSL section 25102(f), however this exemption was unavailable to these Defendants because they conducted “cold calls”.

23. On February 11, 2009, the Commissioner issued a Desist and Refrain Order (“2009 Order”) against CanAm Capital Corp., CDNX Fund, LLC, TSX Venture Fund, LLC, Northern Equities, LLC, J. Barnhardt and Kelly Morgan for violating CSL section 25110 by offering and selling securities through the use of general solicitations in the form of “cold calls”.

24. The 2009 Order was served on March 18, 2009. The 2009 Order prohibits CanAm, J. Barnhardt and Morgan from offering and selling securities in the form of membership units in limited liability companies in California unless the offering is qualified or exempt from qualification. CanAm, J. Barnhardt and Morgan requested a hearing then later withdrew their request, therefore the 2009 Order is final.

25. Notwithstanding the 2009 Order, beginning in April 2009 (one month after the order was served on CanAm, J. Barnhardt and Morgan) and continuing through at least December 2009, DEFENDANTS and their agents, employees and representatives offered and sold securities to at least 90 investors, raising approximately \$3,279,000.00. Of those investors, at least 53 were California residents, which accounted for approximately \$1,900,000.00 of the total funds raised in violation of the 2009 Order.

26. Despite the 2009 Order, Defendants continued to violate CSL section 25110 and the 2009 Order by offering and selling securities through the use of “cold calls”, and violating CSL section 25401 by offering and selling securities through misrepresentations and omissions of material fact in the following manner:

- a. Failing to disclose the 2009 Order;
- b. Using approximately \$1,588,000.00 of investor funds in contradiction to the purposes stated in the offering materials;
- c. Using funds on personal expenses including the following:
 - i. From December 2009 to April 2010, approximately \$200,000.00 was used to pay J. Barnhardt’s personal income taxes;

- ii. From September 2009 to July 2010, approximately \$716,000.00 was used to fund the CanAm Corp. Defined Benefit Plan for the years 2008, 2009, and 2010;
- iii. Approximately \$42,000.00 was used to purchase a custom roadster from East Coast Custom;
- iv. On September 28, 2009, \$12,000.00 was given to Steve Heraty for purchase of Santa Rita Partners, Inc;
- v. On March 16, 2009 \$26,000.00 was used to purchase an oriental rug;
- vi. From April 2009 to September 2010, approximately \$574,000.00 was paid to American Express to pay for the personal credit card of J. Barnhart for items such as art, college tuition, jewelry, luxury home furnishings, fixtures, chandeliers, interior decorating, floor coverings, household furnishings, household appliances, crystal, landscaping, veterinary services, retail services and tires.
- vii. From April 1, 2009 through September 2010 funds were routinely transferred to Power Research Corporation, owned by Aaron Barnhardt. During this time period, Power Research Corporation received approximately \$322,500.00.

27. Defendants depleted approximately \$1,014,800.00 of investor funds two days after the Plaintiff sent a Consumer Notice to J. Barnhardt, notifying him that the Department was seeking the account records for his personal American Express credit card.

28. In November 2009, DEFENDANT A. Barnhardt was employed as a registered representative with Relief Defendant Santa Rita, and A. Barnhardt's company Relief Defendant Power Research became a shareholder in Relief Defendant Santa Rita through the use of investor funds.

29. In December 2009, DEFENDANT Morgan was employed as a registered representative with Relief Defendant Santa Rita. Morgan failed to disclose on his application filed with the Financial Industry Regulatory Authority and the California Department of Corporations to become a registered representative that he was the subject of the 2009 Order.

30. From at least March 2010 to the present DEFENDANTS A. Barnhardt and Morgan continue to call CanAm investors soliciting business for Santa Rita partners.

FIRST CAUSE OF ACTION

**OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES
IN VIOLATION OF CORPORATIONS CODE SECTION 25110
(AGAINST ALL DEFENDANTS)**

31. Plaintiff incorporates by reference paragraphs 1 through 30 of this Complaint as though fully set forth herein.

32. CSL section 25110 provides, in pertinent part, as follows:

It is unlawful for any person to offer or sell in this state any security in an issuer transaction...unless such sale has been qualified...or unless such security or transaction is exempted or not subject to qualification under Chapter 1 [commencing with CSL section 25100] of this part.

33. Beginning in at least February 2004 and continuing through at least December 2009, CanAm, J. Barnhardt, A. Barnhardt, Morgan, Premier I, Premier II, Premier III, and Premier IV and their agents, employees and representatives offered and sold securities in violation of the Corporate Securities Law to at least 329 investors, raising a total of approximately \$15,000,000. Of those investors, at least 163 were California residents, accounting for approximately \$8,000,000 of the total funds raised.

34. DEFENDANTS offered and sold securities in the form of units of membership interest in the limited liability companies named Premier Equity Fund, LLC, Premier Equity Fund II, LLC, Premier Equity Fund III, LLC, and Premier Equity Fund IV, LLC with CanAm acting as the manager of the Funds. The purported purpose of the offering was to raise money so that CanAm through the limited liability companies could provide financing to selected start-up and/or early stage companies.

35. DEFENDANTS offered and sold these securities to investors with whom DEFENDANTS had no preexisting business or personal relationship within the meaning of CSL.

36. DEFENDANTS offered and sold securities to investors by means of general solicitations in the form of "cold calls".

37. The securities offered and sold by DEFENDANTS were not qualified, pursuant to the CSL, and were not exempt from the qualification, requirements of the CSL.

38. Defendants Premier I, Premier II, Premier III, and Premier IV filed Notices of Transaction with the Department of Corporations, claiming that the offerings were exempt pursuant to CSL section 25102(f), however this exemption was unavailable due to the conduct of DEFENDANTS.

39. The units of membership in limited liability companies offered and sold by DEFENDANTS are “securities” within the meaning of CSL section 25019.

40. DEFENDANTS, and each of them, “offered and sold” the securities “within the state” of California within the meaning of CSL sections 25008 and 25017.

41. The sales of these securities were “issuer transactions” within the meaning of CSL section 25010 and 25011.

42. Unless enjoined by this Court, DEFENDANTS will continue to violate CSL section 25110.

SECOND CAUSE OF ACTION

MISREPRESENTATION OR OMISSION OF MATERIAL FACTS

IN VIOLATION OF CORPORATIONS CODE SECTION 25401

(AGAINST ALL DEFENDANTS)

43. Plaintiff incorporates by reference paragraphs 1 through 42 of this Complaint as though fully set forth herein.

44. CSL section 25401 states:

It is unlawful for any person to offer or sell a security in this state or buy or offer to buy a security in this state by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

45. In connection with the offer and sale of the securities referred to herein, DEFENDANTS, and each of them, made misrepresentations of material fact and/or omitted to state material facts to some or all of the investors. The misrepresentations and/or omissions include but are not necessarily limited to, the following:

- 1 a. Failing to disclose the 2009 Order;
- 2 b. Using approximately \$1,588,000.00 of investor funds in contradiction to the
- 3 purposes stated in the offering materials;
- 4 c. Using funds on personal expenses including the following:
 - 5 i. From December 2009 to April 2010, approximately \$200,000.00 was
 - 6 used to pay J. Barnhardt's personal income taxes;
 - 7 ii. From September 2009 to July 2010, approximately \$716,000.00 was
 - 8 used to fund the CanAm Corp. Defined Benefit Plan for the years 2008,
 - 9 2009, and 2010;
 - 10 iii. Approximately \$42,000.00 was used to purchase a custom roadster from
 - 11 East Coast Custom;
 - 12 iv. On September 28, 2009, \$12,000.00 was given to Steve Heraty for
 - 13 purchase of Santa Rita Partners, Inc;
 - 14 v. On March 16, 2009 \$26,000.00 was used to purchase an oriental rug;
 - 15 vi. From April 2009 to September 2010, approximately \$574,000.00 was
 - 16 paid to American Express to pay for the personal credit card of J.
 - 17 Barnhart for items such as art, college tuition, jewelry, luxury home
 - 18 furnishings, fixtures, chandeliers, interior decorating, floor coverings,
 - 19 household furnishings, household appliances, crystal, landscaping,
 - 20 veterinary services, retail services and tires.
 - 21 vii. From April 1, 2009 through September 2010 funds were routinely
 - 22 transferred to Power Research Corporation, owned by Aaron Barnhardt.
 - 23 During this time period, Power Research Corporation received
 - 24 approximately \$322,500.00.

25 46. The misrepresentations and omissions referred to herein were "material facts"

26 within the meaning of CSL section 25401, since they concerned matters that a "reasonable

27 investor" would consider important in deciding whether to invest.

28 47. DEFENDANTS' misrepresentations and omissions of material fact took place

"within the state" of California within the meaning of CSL section 25008.

1 48. Unless enjoined by this Court, DEFENDANTS will continue to violate CSL
2 section 25401.

3 **THIRD CAUSE OF ACTION**
4 **VIOLATION OF PRIOR DESIST AND REFRAIN ORDER**
5 **ISSUED BY THE COMMISSIONER**
6 **(AGAINST DEFENDANTS CANAM, J. BARNHARDT AND MORGAN)**

7 49. Plaintiff incorporates by reference paragraphs 1 through 48 of this Complaint as
8 though fully set forth herein.

9 50. CSL section 25532 provides, in pertinent part, as follows:

10 (a) If, in the opinion of the commissioner, (1) the sale of a security is subject to
11 qualification under this law and it is being or has been offered or sold without first
12 being qualified, the commissioner may order the issuer or offeror of the security to
13 desist and refrain from the further offer or sale of the security until qualification has
14 been made under this law

15 51. On February 11, 2009, the Commissioner issued a Desist and Refrain Order (“2009
16 Order”) against CanAm Capital Corp, CDN Fund, LLC, TSX Venture Fund, LLC, Northern
17 Equities, LLC, J. Barnhardt and Kelly Morgan as a result of the offer and sale of securities
18 through the use of “cold calls” in violation of CSL section 25110.

19 52. The 2009 Order prohibits CanAm, J. Barnhardt and Morgan from offering and
20 selling securities in the form of membership units in limited liability companies in California
21 unless the offering is qualified or exempt from qualification.

22 53. The 2009 Order was served on CanAm, J. Barnhardt and Morgan on March 18,
23 2009. CanAm, J. Barnhardt and Morgan requested a hearing then later withdrew their request,
24 therefore the 2009 Order is final.

25 54. Notwithstanding the 2009 Order, beginning in April 2009 (one month after the
26 order was served on CanAm, J. Barnhardt and Morgan) and continuing through at least December
27 2009, CanAm, J. Barnhardt, and Morgan, offered and sold securities to at least 90 investors,
28 raising a total of approximately \$3,200,000.00.

 55. After the issuance of the 2009, Order CanAm, J. Barnhardt and Morgan offered and
sold securities in the form of membership units in limited liability companies to investors. These
securities were not qualified or exempt from qualification. The securities were offered and sold

through general solicitations in the form of “cold calls” in direct violation of the 2009 Order.

56. Following the issuance and service of the 2009 Order, CanAm, J. Barnhardt and Morgan failed to disclose to the potential investors and investors that they were subjects of the 2009 Order.

57. Unless enjoined, CanAm, J. Barnhardt and Morgan will continue to violate the 2009 Order.

FOURTH CAUSE OF ACTION

UNJUST ENRICHMENT

(AGAINST RELIEF DEFENDANTS)

58. Plaintiff incorporates by reference paragraphs 1-57 of this Complaint as though fully set forth herein.

59. Relief Defendants Steve Heraty and Santa Rita Partners received from Defendants specific funds which are proceeds traceable to the unlawful activities of the Defendants as set forth herein. Relief Defendants knew or should have known the funds were obtained from such unlawful activities. The specific funds consist of at least \$12,000.00, or an amount according to proof received from investors in violation of the CSL. Relief Defendants are therefore trustees of the funds gained through such illegal acts for the benefit of the defrauded investors.

60. Relief Defendant Power Research received from Defendants specific funds which are proceeds traceable to the unlawful activities of the Defendants as set forth herein. Relief Defendant knew or should have known the funds were obtained from such unlawful activities. The specific funds consist of at least \$321,000.00, or an amount according to proof received from investors in violation of the CSL. Relief Defendant is therefore a trustee of the funds gained through such illegal acts for the benefit of the defrauded investors.

61. Relief Defendants have obtained the funds alleged above under circumstances in which it is not just, equitable or conscionable for them to retain the funds. As a consequence, Relief Defendants named in paragraphs 59 and 60 have been unjustly enriched.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against defendants CanAm Capital Corp., Premier Equity Fund, LLC; Premier Equity Fund II, LLC; Premier Equity Fund III, LLC; Premier

Equity Fund IV, LLC; Jay Jordan Barnhardt also known as J.J. Barnhardt, Aaron Kane Barnhardt, Kelly Keith Morgan and Does 1 through 10, inclusive, and relief defendants Power Research Corporation; Santa Rita Partners, Inc., and Steve Bowling Heraty as follows:

I. INJUNCTIVE RELIEF FOR THE VIOLATIONS

Plaintiff seeks a Temporary Restraining Order and eventually an Order of Preliminary Injunction and ultimately, a Permanent Injunction, pursuant to California Corporations Code section 25530, subdivision (a), restraining and enjoining CanAm Capital Corp., Premier Equity Fund, LLC; Premier Equity Fund II, LLC; Premier Equity Fund III, LLC; Premier Equity Fund IV, LLC; Jay Jordan Barnhardt also known as J.J. Barnhardt, Aaron Kane Barnhardt, Kelly Keith Morgan and Does 1 through 10, inclusive, from, directly or indirectly:

1. Violating California Corporations Code section 25110, by offering to sell, selling, arranging for the sale of, issuing, engaging in the business of selling, or negotiating for the sale of any security of any kind, including but not limited to, the securities described in this Complaint, unless such security or transaction is qualified;

2. Violating California Corporations Code section 25401, by offering to sell or selling any security of any kind, including but not limited to, the securities described in this Complaint, by means of any written or oral communication which includes any untrue statement of material fact or omits to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; and

3. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, any books, records, computer programs, computer files, computer printouts, correspondence, brochures, manuals, or any other "writing" or "document" of any kind as defined under California Evidence Code section 250, relating to the transactions and course of conduct as alleged in this Complaint, unless authorized by this Court.

For a Temporary Restraining Order, eventually an Order of Preliminary Injunction and ultimately, a Permanent Injunction, pursuant to California Corporations Code section 25530 subdivision (a), restraining and enjoining CanAm Capital Corp, Jay Jordan Barnhardt also known as J.J. Barnhardt, and Kelly Keith Morgan from, directly or indirectly, violating the Desist and Refrain Order issued by the California Corporations Commissioner on February 11, 2009, by

1 offering or selling unqualified, non-exempt securities in violation of California Corporations Code
2 section 25110.

3 **II. CONSTRUCTIVE TRUST**

4 For a Final Judgment imposing a constructive trust on all funds and property of Power
5 Research Corporation, Santa Rita Partners, Inc. and Steve Heraty and Relief Does 1- 10, inclusive
6 which are the proceeds, or traceable to the proceeds, of the unlawful activities of Defendants as set
7 forth herein, for the benefit of the defrauded investors.

8 **III. RESCISSION, RESTITUTION, AND DISGORGEMENT**

9 For a Final Judgment requiring CanAm Capital Corp., Premier Equity Fund, LLC; Premier
10 Equity Fund II, LLC; Premier Equity Fund III, LLC; Premier Equity Fund IV, LLC; Jay Jordan
11 Barnhardt also known as J.J. Barnhardt, Aaron Kane Barnhardt, Kelly Keith Morgan and Does 1
12 through 10, inclusive, to:

13 a. Rescind each and all of the unlawful transactions alleged in this Complaint,
14 pursuant to California Corporations Code section 25530, subdivision (b), as shall be determined
15 by this Court to have occurred,

16 b. To pay full restitution to each person determined to have been subject to acts,
17 practices, or transactions which constitute violations of the Corporate Securities Law of 1968, in
18 an amount of at least \$15,000,000.00, or according to proof,

19 c. To disgorge any profits and proceeds gained as a result of the unlawful transactions
20 alleged in this Complaint

21 d. To pay the legal rate of interest on the principal amount invested by each and every
22 investor from the date of their investments to the date of judgment herein.

23 **IV. CIVIL PENALTIES**

24 For a Final Judgment requiring CanAm Capital Corp., Premier Equity Fund, LLC; Premier
25 Equity Fund II, LLC; Premier Equity Fund III, LLC; Premier Equity Fund IV, LLC; Jay Jordan
26 Barnhardt also known as J.J. Barnhardt, Aaron Kane Barnhardt, Kelly Keith Morgan and Does 1
27 through 10, inclusive, to pay the Department \$25,000.00 as a civil penalty for each act in violation
28 of the Corporate Securities Law of 1968, pursuant to California Corporations Code section 25535,
in an amount of at least \$18,700,000.00 or according to proof.

V. OTHER RELIEF

For such other and further relief as this Court may deem necessary and proper.

Dated: January 19, 2011

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
 MARY ANN SMITH
 Senior Corporations Counsel
 Attorney for the People of California